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DDA Memo, 4 Apr 77

GENERAL

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Date: 15 MAR 1978

1. Stalin's Proposals Regarding Germany--US Ambassador Smith
reports that in the course of the 2 August discussions with representatives of the US, the UK, and France, Stalin declared that the Soviet Union would agree to a joint statement covering: (a) removal of all transport restrictions, both those between the western zones and Berlin and those on transit traffic with the eastern zone; (b) exclusive use of Soviet Zone currency throughout Berlin; and (c) resumption of negotiations on Berlin and the scheduling of a four-power meeting to consider outstanding German problems.

Ambassador Smith comments that both Stalin and Molotov are undoubtedly anxious for a settlement. Smith believes that the USSR is primarily concerned with western power action regarding Berlin currency and the formation of the west German government. Although Smith is pessimistic over the prospect of any ultimate agreement on Germany, he feels there is some hope for a Soviet guarantee of a corridor into Berlin as a condition to acceptance by the western powers of Stalin's proposals.

French view on Stalin conversation--US Ambassador Caffery reports that the French Government is convinced that the USSR will want to discuss three subjects with the western powers: (a) the monetary situation; (b) the London recommendations; and (c) the Ruhr. Caffery adds that the French are highly skeptical as to the possibility of reaching agreement with the USSR on the latter two subjects and have asked what steps the western powers will take in the event of disagreements.

NEAR EAST-AFRICA

2. PALESTINE: UN Mediator threatens to resign--UN Mediator Bernadotte has informed US Consul General Macdonald in Jerusalem that he is "very disappointed and discouraged with

State Department review completed

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the lack of support from the UN and particularly with the apparent noncooperative attitude of the US" which he believes has not provided him with the material support necessary to carry out his task. Bernadotte says he cannot understand why the US objects to sending Marines to the UN for special guard duties in demilitarized areas. In view of the fact that the US has no objection to supplying truce observers from both the US Army and Navy. The UN Mediator told Macdonald that he cannot continue at his post under present conditions and will feel forced to resign unless the required personnel and equipment are forthcoming at once. The US Consul General agrees that Bernadotte cannot hope to accomplish his mission with the small force he now has; Macdonald also expresses the opinion that Bernadotte's resignation would preclude any possibility that the UN will find a solution for the Palestine problem. Macdonald feels that under such circumstances the US would be blamed by both Jews and Arabs and he recommends that "every possible support" be given to Bernadotte.

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